WEEKLY ECONOMIC REVIEW

August 24, 2007

Alberta's annual CPI inflation fell to 5.0% in July from 6.3% in June, the most significant slowdown since October 2003. This was largely attributed to slowing growth in homeowners' replacement costs, which moderated to 17.8% in July from 23.6% in June.

Canada's all-items CPI rose by 0.1% in July from June, leaving the annual inflation rate unchanged at 2.2% for the fourth consecutive month. Increases in costs of owned accommodation were partially offset by declines in prices for gasoline and computer equipments. The core inflation increased by 2.3% versus a year ago, slowing from 2.5% in June. The steady inflation and the ongoing credit crunch in financial markets reduce the likelihood of any interest rate hike by the Bank of Canada in September.

National retail sales fell by 0.9% in June after a significant increase of 2.6% in May. The decline is mainly due to a drop of 2.7% in the automotive sector. Despite the monthly decrease, quarterly sales growth for the April-to-June period reached 3%, the highest in almost six years. Retail sales in Alberta rose by 0.2% in June, bringing the second quarter increase to 3.9%.

China's central bank raised its benchmark deposit and lending rates on Tuesday for the fourth time this year to curb inflation after its annual inflation hit 5.6% in July, the highest since February 1997.

↑	**Cdn Dollar (US¢/CS)**	
	August 24, 2007	95.0
	August 17, 2007	94.0
	2007-08 YTD	92.6
↓	**WTI Oil US$/bbl**	
	August 23, 2007	$ 69.83
	August 16, 2007	$ 71.00
	2007-08 YTD	$ 68.14
↓	**Nymex Natural Gas CS/MMBtu ***	
	September Contract	
	August 24, 2007	$ 5.99
	August 17, 2007	$ 7.55

*Estimate based on Nymex Futures Market Price

Wheat prices jumped to record highs this week, with December 2007 futures increasing to US$7.54 a bushel on the Chicago Board of Trade. Wheat prices have more than doubled this year, fueled by tight global supplies and rising demand for wheat. Canadian wheat production is expected to be the lowest in five years because of reduced plantings and dry weather. Also, Alberta's wheat production is expected to decline by over 20% in 2007.

As fears over the potential damage from Hurricane Dean on U.S. oil and natural gas production eased, the oil price dropped below US$70 during the week; and Nymex natural gas fell to its lowest close in the last ten months.

Economic Indicators Released this Week	Reference Period	Month/Previous Month (M/M)	Month/Previous Year's Month(Y/Y)	Year-to-date[1]
Consumer Price Index (2002=100)	**July**			
Alberta	119.1	0.3%	5.0%	5.1%
Canada	112.0	0.1%	2.2%	2.0%
Retail Sales ($ Millions)	**June**			
Alberta	5,208	0.2%	11.4%	11.3%
Canada	34,645	-0.9%	7.5%	6.3%

Source: Statistics Canada, U.S. Census Bureau
[1]Year-to-date 2007 compared to the same period in 2006